

VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.



**32nd ANNUAL REPORT
1998-99**



Shri. S.S.M. SOUNDAPPAN
Chairman & Managing Director.



VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183

BOARD OF DIRECTORS

Directors

Shri S.S.M.SOUNDAPPAN
Shri M.S.ELAVARASAN
Dr. G.RANGASWAMI
Shri A.BALASUBRAMANIAN
Shri V.THANGAVEL
Smt. E.PUSHPA
Shri V.SUBRAMONIAN
Shri R.SANKARANARAYANAN
Shri K.P.RAJAHRAMAN

Chairman and Managing Director
Managing Director
Director
Director
Director
Director
Director
Director
Whole-time Director

Company Secretary

Mr.INAITULA BAIG

Bankers

STATE BANK OF INDIA,
BHAVANI AND ERODE

Audit Committee

Shri M.S.ELAVARASAN
Shri R.SANKARANARAYANAN
Shri K.P.RAJAHRAMAN

Finance Committee

Shri M.S.ELAVARASAN
Shri V.SUBRAMONIAN
Shri V.THANGAVEL

Share Transfer Committee

Shri S.S.M.SOUNDAPPAN
Shri M.S.ELAVARASAN
Smt E.PUSHPA

Marketing Committee

Shri M.S.ELAVARASAN
Shri K.P.RAJAHRAMAN
Shri V.SUBRAMONIAN

Auditors

M/s V.N.G.NATH ASSOCIATES
CHARTERED ACCOUNTANTS
CHENNAI.

Registered Office

11-F, Gandhipuram
Komarapalayam - 638 183
Namakkal District.

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32nd ANNUAL REPORT 1998-99



NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of VEENA TEXTILES LIMITED will be held on Wednesday, 29th September 1999 at 5 p.m. at the REGISTERED OFFICE of the Company at 11F,GANDHIPURAM, KOMARAPALAYAM- 638 183 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1999 and the Report of the Directors and of the Auditor's thereon.
2. To appoint a Director in the place of Dr. G.Rangaswami, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri.V.Thangavel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

By order of the Board

Komarapalayam
31st July,1999

Inaitula Baig
Company Secretary

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. THE PROXIES TO BE VALID SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September 1999 to 29th September 1999 (**both days inclusive**)

4. Pursuant to Section 205A of the Companies Act,1956, Company has transferred the unpaid dividend amounting to Rs 86,486/- relating to the year 1994-95 to the General Revenue Account of the Central Government. Members who have valid claims to the unclaimed dividend referred to above may claim the same from the Registrar of Companies, Bank of Baroda Building, 5th Floor, Bank Road, Coimbatore-641 018.
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the meeting.
6. Members are requested to quote their folio number in all correspondence with the Company and notify immediately to the Company, change in their address if any.
7. Members desiring any information regarding accounts are requested to write to the Company atleast seven days before the Meeting so as to enable the Management to keep the information ready.
8. Members are requested to sign at the space provided in the enclosed attendance sheet and hand over the slip at the entrance of the meeting hall.
9. Members holding shares of the Company under more than one Registered Folio are requested to send to the Company, details of all such Folios, together with the Share Certificates for consolidating the Folios into one.

By order of the Board

Komarapalayam
31st July,1999

Inaitula Baig
Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,

Your Directors are pleased to present the 32nd Annual Report and Audited Statement of Accounts for the year ended 31st March 1999.

1) FINANCIAL RESULTS

	(Rupees in lacs)	
	1998-99	1997-98
	Rs.	Rs.
Sales	2268.52	2499.58
Other Income	44.62	39.36
Total Expenditure	2095.32	2260.25
Interest	186.37	359.01
Gross Profit/(Loss) after Interest but before Depreciation and Taxation	31.45	(80.32)
Depreciation	130.69	138.16
Net Profit / (Loss)	(99.24)	(218.48)

2) ABOUT THE INDUSTRY

The economy as a whole has been sliding down for the past few years and it has affected the textile sector too. The market is being exploited by unhealthy competition from unorganised sectors. A large number of mills are fighting for their survivals. Representations made to the Government for various concessions and relief are still under consideration. It is expected that it may take sometime for the textiles industry to recover.

3) PERFORMANCE

Your Company is no exception to the general market. Though the company has achieved the almost near about sales of the previous year, the cost of raw materials and operating costs have seriously affected the performance of the

Company. The company is trying its best to maintain the quality which is the hallmark for its products. The Directors are taking all efforts to improve the sales, breakeven the cost and to reduce the overheads and are hopeful of achieving the same.

The Company has not provided interest on ICICI Ltd Loan in view of the suit filed by them against the Company resulting in decrease in interest cost during the year.

4) CORPORATE GOVERNANCE

To meet the challenging demand of the industry and to professionalise the management, your Directors have set up different Committees for Corporate Governance. The expertise of your Directors are recognised and maximum advantage are derived at. The Details of the Corporate Governance Committee is given elsewhere in this annual report.

5) DIVIDEND

Your Directors regret their inability to declare any dividend in view of the loss made during this year.

6) DIRECTORS

Dr. G.Rangaswami and Sri.V.Thangavel retire by rotation and being eligible offer themselves for re-appointment.

7) FIXED DEPOSITS

The Company has not accepted any deposits from the public.

8) AUDITORS

M/s.V.N.G.Nath Associates, Chartered Accountants, the Auditors of the Company, retire and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Accordingly, the said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further clarifications.

9) COST AUDIT

Sri.R.Krishnan, Cost Accountant is conducting Cost Audit for the year ended March 31,1999 and his report will be submitted to the Department of Company Affairs, Government of India.

Pursuant to section 233B of the Companies Act, 1956, Sri.R.Krishnan, Cost Auditor has been appointed subject to approval of Central Government to conduct the audit of the Cost accounts for the financial year 1999-2000.

10) YEAR 2000 COMPLIANCE

Your Company has taken necessary steps to ensure that all its software, hardware and microprocessor based equipments and processes are Y2K compliant. Further your Company is reviewing the cost of Y2K remediation with the service providers and the contingency plan, in the event of failure/breakdown of the systems, are in place.

Company believes the Year 2000 issue as it relates to the Company's own date dependent systems will not pose any significant problems for the company's business, processes and operations. The Company's suppliers and customers are however not significantly computer dominant.

11) PARTICULARS OF EMPLOYEES

Particulars of remuneration paid to the employees as required by Section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules,1975 are given hereto and form part of the Report in

Annexure.

12) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act,1956, read with the Companies(Disclosure of Particulars in the Report of Board of Directors) Rules,1988, is given in the Annexure to the report.

13) ENVIRONMENT & SAFETY

The Company has taken various steps to attain high level of safety in all its manufacturing units and we are happy to inform that there was no untoward incidents during the year under consideration. Strict measures were taken to keep the ambient clean and free from pollution.

14) ACKNOWLEDGEMENT.

Your Directors acknowledge the continued support and co-operation from Financial Institutions, Banks, Customers, Vendors and Dealers.

Further your Directors thank the Shareholders for their continued confidence in the Company.

Your Directors thank the employees for their continued Co-operation.

For and on behalf of the Board of Directors

Komarapalayam
31st July,1999

S.S.M.SOUNDAPPAN
CHAIRMAN &
MANAGING DIRECTOR


Veena
ANNEXURE TO DIRECTORS' REPORT
The Companies (Particulars of Employees) Rules, 1975
Statement of Particulars of employees required under Section 217(2A) of the Companies Act, 1956
(a) Particulars of employees employed throughout the financial year and who are in receipt of remuneration of not less than Rs. 6,00,000 in terms of section 217 (2A)(i)

Name	Designation	Nature of Duties	Remuneration (Rs.)	Qualification (exper.)	Age (yrs)	Date of Commencement	Previous Employment
Sri.S.S.M.Soundappan	Chairman and Managing Director	Attending to the duties attached to the office of Chairman and General Management	845709.24	--- (55Yrs)	74	01.07.93	Managing Director, Ton India Limited, Komarapalayam
Sri.M.S.Elavarasan	Managing Director	Managing the Affairs of the Company	799400.74	B.Com (30Yrs)	49	01.02.92	Managing Director, S.S.M. Brothers Ltd., Komarapalayam

1. The nature of employment is contractual.

2. Sri.M.S.Elavarasan and Smt.E.Pushpa, Directors are related to Sri.S.S.M.Soundappan.

3. Sri.S.S.M.Soundappan and Smt.E.Pushpa, Directors are related to Sri.M.S.Elavarasan.

(b) Particulars of employees employed for part of the year who were in receipt of remuneration at the rate of not less than Rs. 50,000/- per month in terms of section 217 (2A) (ii)

- Nil

ANNEXURE TO DIRECTORS' REPORT
The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.
A. CONSERVATION OF ENERGY.
FORM - A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

a. POWER AND FUEL CONSUMPTION	1998-99	1997-98
1. Electricity		
(a) Purchased		
Units	3212527	4088804
Total Amount(Rs.)	12291981	12360181
Rate/Unit(Rs.)	3.83	3.02
(b) Own Generation		
(i) Through diesel generator		
Units	1118116	767572
Units per ltr.of diesel oil	3.10	3.20
Rate/Unit (Rs.)	4.89	4.33
(ii) Through steam turbin generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others	NIL	NIL



ANNEXURE TO DIRECTORS' REPORT

b. CONSUMPTION PER UNIT OF PRODUCTION	1998-99	1997-98
	Rs. Ps	Rs. Ps
Product:Electricity		
Narrow Fabric Tapes(Per Meter)	NIL	0.03
Automatic Looms/Terry Looms(Per Meter)	0.51	0.68
Embroidered Fabrics(Per Meter)	0.66	0.54
Yarn(Per Kilo Gram)	7.05	8.29

B) TECHNOLOGY ABSORPTION

FORM-B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

1. RESEARCH AND DEVELOPMENT (R & D)

- (a) Specific areas in which R & D carried out by the Company : Cotton & Yarn Test
- (b) Benefits derived as a result of the above R & D : Improved & Consistent quality in Yarn & Fabrics.
- (c) Future plan of action : Plan to install fabric testing.
- (d) Expenditure on R & D
- | | |
|--|------------|
| (a) Capital | NIL |
| (b) Recurring | Rs. 54,400 |
| (c) Total | Rs. 54,400 |
| (d) Total R & D expenditure percentage to total turnover | 0.02 |

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company always keeps itself updated with all latest technological innovations by way of constant communications and consulting experts. Efforts are being made to reduce cost and to improve performance.

C.FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Earnings		
I. Export Sales	Rs.	34,00,450.12
II. Freight & Insurance	Rs.	71,913.62
TOTAL	Rs.	34,72,363.74
(b) Expenditure		
I. Spare & Accessories purchased	Rs.	3,50,023.85
II. Foreign Travel	Rs.	1,34,107.00
TOTAL	Rs.	4,84,130.85